

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)	
)	CC Docket No. 02-6
Schools and Libraries Universal Service)	
Support Mechanism)	
)	
_____)	

COMMENTS OF THE RURAL SCHOOL AND COMMUNITY TRUST

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The Rural School and Community Trust respectfully submits these comments in response to the Commission's Notice of Proposed Rulemaking in CC Docket No 02-6. The Rural Trust is a nonprofit educational organization dedicated to enlarging student learning and improving community life by strengthening relationships between rural schools and the communities they serve. Through advocacy, research and outreach, the Rural Trust strives to create a more favorable environment for rural community schooling, for student work with a public audience and use, for the application and support of appropriate technology, and for the reinvention of rural teacher training and development.

The Rural Trust concurs with the comments filed by the Education and Library Network Coalition (EdLiNC) and takes this opportunity to briefly expand on those comments specifically as they pertain to rural schools.

The Rural Trust concurs that:

- (1) Funds that are allocated in one year but not disbursed should be rolled over and made available to applicants during the current funding year.**

Clearly, the intent of the Telecommunications Act of 1996 would be undermined by any attempt to offset subsequent contribution factors by an amount equal to unspent E-Rate funds in any year. Those familiar with the E-Rate application process understand that "unspent" funds are not the result of either an excessive cap or of a lower than anticipated number of requests for telecommunications discounts. Because of the time lapse between the Form 471 deadline and the date of Form 486 filing, and because of unanticipated but intervening circumstances, there will always be situations which prevent the absolute mirroring of requested and spent funds. Many factors, such as school budget shortfalls, changes in administrative leadership and/or technology support

personnel, and failure of a service provider to remain in business and/or carry out an approved project, come into play. However, a large part of the discrepancy between requested and spent funds can easily be explained because of the school's inability to precisely predict subsequent annual basic and long distance phone charges, variable usage of telecommunications lines for distance learning purposes, and unpredictable increases in Federal End User Line Charges. For these reasons and many others, there will always be a discrepancy between requested and spent funds in any one year.

Schools should therefore not be penalized by a reduction in the amount of E-Rate funds available below the cap of \$2.25 billion per year due to factors over which they have no control. Rolling over unspent funds to the current funding year will both carry out the intent of the Act and enable schools to take full advantage of the funds available.

(2) The Rural Trust opposes discounts for Internet access bundled with content.

Allowing discounts for telecommunications access bundled with content oversteps the intent of the Act and would serve to further reduce the amount of funds available for intended, eligible telecommunications purposes. Such an allowance would open the door to manipulation of the system by encouraging schools to request and/or Internet providers to offer bundled content and access services.

(3) The Commission should make wireless services and voicemail eligible for E-Rate discounts to the extent that they are used for educational purposes only.

The Rural Trust concurs with the recommendation that wireless services, available as the functional equivalent of wireline services, be included as E-Rate eligible and that eligibility likewise be extended to voicemail as a telecommunications service and as the functional equivalent to e-mail. In order to protect the overall integrity of the program, it is recommended that both services be made eligible only to the extent that they are

used exclusively for educational purposes and that those purposes be detailed within an updated List of Eligible Services.

(4) The Rural Trust supports the use of an approved list of services with respect to certain basic and commonly used services

The use of a streamlined application process available to those schools who apply for standard E-Rate-eligible services, and therefore requiring minimal review, should be implemented. This would enable small/rural schools to avoid the time and effort required to determine equipment or service eligibility; it would also greatly reduce the amount of pre-auditing time required for routine applications. The inefficiency of a process in which application reviewers individually request copies of documentation to be faxed by schools and the corresponding time required by school personnel to provide such documentation can easily be avoided through a streamlined application process which details what information will be required in support of the application and how it should be made available.

A “Checklist of Eligible Services”, included as part of the online application, should include both a description of the necessary documentation required in order to substantiate the request and enable schools requesting conditionally eligible services to provide information substantiating eligibility in the context of the online application. The Rural Trust strongly encourages the addition of an “Other Eligible Service” option at the end of the Checklist, which applicants could use to identify services or equipment not explicitly included in the Checklist. In addition to the advantages of such a mechanism as outlined in the EdLiNC comments, such mechanism would: (1) greatly reduce the amount of application review time required for routine requests; (2) educate applicants regarding E-Rate eligible equipment and services; (3) reduce the amount of

frustration and indecision on the part of applicants; and (4) considerably streamline the application process, without impinging on the ability of applicants to request new and potentially eligible equipment or services.

(5) The Rural Trust supports the current ratio restrictions for review of requests containing ineligible services

The Rural Trust believes that the “30% rule” does not place an undue burden on small/rural schools, but recommends that applicants be alerted to this rule in the online application and that applicants be strongly encouraged to request that service providers separate E-Rate eligible and ineligible costs in the context of the bidding process, thereby relieving applicants of this burden.

(6) The Rural Trust supports the proposed restrictions on transfers of equipment, provided that exceptions are permitted for cases of demonstrable need

The Rural Trust supports a moratorium on the transfer of E-Rate funded equipment to ineligible sites for a period of three years, except for individual exceptions made by the SLD in the case of catastrophe or demonstrable need.

(7) Fairly conducted and properly funded independent audits would enhance program integrity, but an audit requirement should take into account established audit requirements.

The Rural Trust supports the authority of the SLD to authorize independent audits in the event of potentially serious problems or suspected malfeasance on the part of applicants or service providers, however, we caution that this authority not be abused for the purpose of showcasing the diligence of program oversight. We believe that the vast number of small school errors when occurring during the E-Rate application process are the result of lack of knowledge, experience, or administrative oversight, and are not the result of intentional fraud or abuse. The overzealous use of independent audits will only

serve to further deter small schools with limited staff time from applying for E-Rate discounts. We would therefore strongly recommend that the cost of such audits be borne by the offending applicant only in the case of proven willful or intentional fraud or abuse.

(8) Subject to reasonable safeguards, the proposed bar for willful or repeated noncompliance would increase program integrity

In concurrence with EdLiNC comments, the Rural Trust believes that the willful or knowing failure to comply with FCC rules should result in a non-permanent suspension from the program, providing that appropriate allowances are made for unintentional or inadvertent errors and that the school itself not be penalized for the unscrupulous actions of employees, consultants, or service providers.

(9) The Rural Trust supports rules that streamline the appeals procedure

An extension of the deadline by which appeals must be postmarked subsequent to the decision, is recommended. A 60-day time frame should be both fair to the appealing school district and responsive to the need for an efficient appeals process.

(10) The Rural Trust supports applicant choice regarding payment methods

While the Rural Trust supports applicant choice regarding payment or reimbursement for E-Rate-eligible equipment and services, we wish to reiterate the EdLiNC position pertaining to small service providers. We applaud the willingness of small rural telecommunications providers to honor the telecommunications needs and requests of their schools and do not wish to impose an undue hardship on their billing operations

by requiring them to provide discounted billing services. We therefore support the exception to this rule for smaller providers as detailed in the EdLiNC comments.

Respectfully submitted,

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